

VZCZCXYZ0000
RR RUEHWEB

DE RUEHLM #0051 0110854
ZNR UUUUU ZZH
R 110854Z JAN 07
FM AMEMBASSY COLOMBO
TO RUCPCIM/CIMS NTDB WASHDC
INFO RUCPDOG/USDOC WASHDC
RUEHC/SECSTATE WASHDC 5102
RUEHNE/AMEMBASSY NEW DELHI 0454
RUEHKA/AMEMBASSY DHAKA 9764
RUEHIL/AMEMBASSY ISLAMABAD 6702
RUEHKT/AMEMBASSY KATHMANDU 4768
RUEHKP/AMCONSUL KARACHI 2103
RUEHCG/AMCONSUL CHENNAI 7267
RHHMUNA/USCINCPAC HONOLULU HI

UNCLAS COLOMBO 000051

SIPDIS

SIPDIS

STATE FOR SCA/INS AND DRL/IL LAUREN HOLT

MCC FOR S GROFF, D NASSIRY AND E BURKE

E.O. 12958: N/A

TAGS: [KTDM](#) [EWWT](#) [ECON](#) [EINV](#) [MV](#)

SUBJECT: PROPOSED TRANSHIPMENT PORT IN MALDIVES

¶1. Summary: Maldives is hoping to use its strategic location on major shipping lanes in the Indian Ocean to build a transshipment port. The first phase of the project to develop a container terminal with a capacity of 1.2 million twenty foot equivalent units (TEUs) annually is estimated to cost USD 400 million. A Kuwaiti company is preparing a feasibility study. End Summary

¶2. The development of a transshipment port in the northern Maldives targeting the rapidly growing transshipment traffic in the Indian Ocean is one of the government's highest priorities. Maldives is strategically located on major shipping lanes between the Middle East and South/East Asia. The government's goal is to develop a port that handles 1.2 million TEUs annually under the first phase of the project, and to open nearby islands for industries and export processing zones. The Government of the Republic Maldives (GoRM) entered into a memorandum of understanding with a Kuwaiti investor in May 2006, with the objective of developing the port. The investor is currently carrying out a feasibility study.

¶3. The port is proposed to be developed in two phases and will involve an investment of USD 400 million for first phase. The second phase is expected to take the total investment to about USD 1 billion. However, given the small size of the Maldivian economy (GDP is estimated at USD 950 million in 2006), private investment will be essential to make it a reality.

¶4. According to Maldives government sources, the Kuwaiti company is hoping to attract other investors to the project. The GoRM also hopes to take equity in the project. The feasibility study is to be submitted to the GoRM in mid 2007. If the GoRM approves the study and investment proposals, the government hopes to enter into a build operate transfer contract with the company. Construction is expected to start in 2008.

¶5. For more information please contact:
Mr. Abdulla Salih
Deputy Minister
Ministry of Economic Development and Trade
Maldives
Email: asalih@trademin.gov.mv

BLAKE